Message Text

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E.O. 11652: N/A TAGS: EAIR, BEXP, ID

SUBJECT: POTENTIAL SALE OF LOCKHEED L-100'S

REF: JAKARTA 7121 AND PREVIOUS

- 1. LOCKHEED VICE PRESIDENT D.T. CROCKETT AND LOCKHEED ASIA PRESIDENT JACK DAVIDSON SPENT THREE DAYS IN JAKARTA THIS WEEK ATTEMPTING TO SELL MIN COMMUNICATIONS RUSMIN AND OTHER GOI OFFICIALS ON THE MERITS OF THE L-100. PRIOR TO HIS DEPARTURE CROCKETT TOLD AMBASSADOR THEIR RECEPTION HERE HAD BEEN WARM AND HE EXPRESSED REASONABLE OPTIMISM THAT THE L-100 WOULD BE CHOSEN OVER ITS FRENCH COMPETITOR. HE WAS DEEPLY APPRECIATIVE FOR EMBASSY ASSISTANCE.
- 2. AS A RESULT OF HIS CONVERSATIONS WITH GOI OFFICIALS, CROCKETT, WHO HAD EARLIER EXPRESSED DOUBTS ABOUT THE NEED TO SPEND \$250,000 TO \$500,000 ON DEMONSTRATION FLIGHTS, IS NOW CONVINCED OF THE NEED FOR A DEMONSTRATION PLANE. A POTENTIAL SNAG EMERGED WHEN THE GOI BALKED AT USE OF A SOUTH AFRICAN REGISTERED L-100 CHOSEN BECAUSE ITS CONFIGURATION IS NEARLY IDENTICAL TO THAT DESIRED BY THE GOI AND SOUTH AFRICAN CREW. CROCKETT FELT THE PROBLEM COULD BE OVERCOME, POSSIBLY BY MEANS OF A DRY LEASE WITH LOCKHEED PROVIDING THE CREW. LIMITED OFFICIAL USE

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3. THE OTHER MAJOR HURDLE FOR LOCKHEED TO OVERCOME IS FINANCING. CROCKETT SPOKE OF A POSSIBLE LONDON SOURCE USING MIDDLE EASTERN FUNDS THAT SOUNDED EXCELLENT TO HIM BUT WAS UNTESTED. THE AMBASSADOR URGED THAT EXIM ALSO BE GIVEN EVERY OPPORTUNITY TO BECOME INVOLVED IF REQUIRED TO MAKE THE SALE, AND CROCKETT AGREED THAT LOCKHEED WOULD

SEEK TO LINE UP EXIM FINANCING. DAVIDSON SAID HE PLANNED TO EXPLORE JAPANESE GOVERNMENT INTEREST IN UNDERWRITING THE SALE AS IT REPORTEDLY PLANS TO DO IN THE PURCHASE/LEASE ARRANGEMENT UNDER CONSIDERATION WITH KOREAN AND THAI COMMERCIAL AIRLINES.

4. COMMENT: LOCKHEED NOW SHARES OUR VIEW THAT IT HAS A GOOD CHANCE TO MAKE A MAJOR SALE. IT NO LONGER SEEMS INCLINED TO SPARE THE HORSES, AND IF IT DOES EVENTUALLY LOSE THIS SALE IT WON'T HAVE BEEN FOR LACK OF TRYING. MASTERS

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